

## Message Text

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ACTION EB-07

INFO OCT-01 EA-07 IO-11 ISO-00 FEA-01 AGR-05 CEA-01

CIAE-00 COME-00 DODE-00 FRB-03 H-02 INR-07 INT-05

L-03 LAB-04 NSAE-00 NSC-05 PA-01 AID-05 CIEP-01 SS-15

STR-04 ITC-01 TRSE-00 USIA-06 PRS-01 SP-02 OMB-01

/099 W

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R 280548Z FEB 76

FM AMEMBASSY BANGKOK

TO SECSTATE WASHDC 9281

INFO AMEMBASSY KUALA LUMPUR

AMEMBASSY MANILA

AMEMBASSY SINGAPORE

USMISSION GENEVA

LIMITED OFFICIAL USE BANGKOK 4561

GENEVA PASS USDEL MTN

E.O. 11652: N/A

TAGS: ETRD, TH, US

SUBJ: MINISTRY FOREIGN AFFAIRS EXPRESSES CONCERN ABOUT PROPOSED  
LEGISLATION AFFECTING U.S. TARIFF DUTIES ON ELECTRONIC  
WATCH MODULES

1. MINISTRY FOREIGN AFFAIRS CALLED IN EMBASSY OFFICER LATE  
FEBRUARY 27 TO EXPRESS CONCERN ABOUT POSSIBILITY PASSAGE OF  
H.R. 10176, A BILL INTRODUCED BY WAYS AND MEANS COMMITTEE  
CHAIRMAN MILLS TO AMEND U.S. TARIFF SCHEDULES "WITH RESPECT  
TO TARIFF TREATMENT ACCORDED TO TECHNOLOGICALLY ADVANCED,  
HIGH PRECISION WATCHES AND WATCH MOVEMENTS." ACCORDING MFA,  
EFFECT OF BILL, IF PASSED, WOULD BE TO INCREASE IMPORT DUTY  
ON ELECTRONIC WATCH MODULES FROM \$0.75 TO \$5.37 EACH. MFA EX-  
PLAINED THAT 70,000 OF THESE ELECTRONIC WATCH MODULES ARE  
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CURRENTLY BEING MANUFACTURED BY LOCAL FIRM, N.S. ELECTRONICS

(WHOLLY-OWNED SUBSIDIARY OF U.S. FIRM NATIONAL SEMICONDUCTOR), WHICH HAS PLANS TO INCREASE PRODUCTION TO 125,000 UNITS BY MID-MAY, AND TO INCREASE EMPLOYMENT FROM 1,400 EMPLOYEES TO 2,300 EMPLOYEES. SEVENTY PERCENT OF N.S. ELECTRONICS PRODUCTION IS CURRENTLY EXPORTED TO THE U.S., BUT PROPOSED TARIFF INCREASE WOULD ALLEGEDLY MAKE COMPANY UNCOMPETITIVE. MFA EXPRESSED CONCERN THAT IF COMPANY WERE FORCED TO CLOSE DOWN AS A RESULT, OR TO DISCHARGE 2,300 EMPLOYEES, THIS WOULD HAVE VERY ADVERSE EFFECT ON THAILAND'S INVESTMENT CLIMATE.

2. MFA SAID N.S. ELECTRONICS' LOCAL MANAGER, BRENDAN STAVELY, HAD RAISED MATTER WITH FINANCE MINISTER BUNCHU, WHO HAD IN TURN RAISED IT IN CABINET MEETING ON FEBRUARY 24. MFA WAS CHARGED WITH EXPRESSING OFFICIAL CONCERN TO USG, AND HAD CABLED THAI EMBASSY IN WASHINGTON FEBRUARY 27. MFA REQUESTED EMBASSY TO SIMILARLY NOTIFY DEPARTMENT OF STATE OF RTG CONCERN. EMBOFF UNDERTOOK TO INFORM DEPARTMENT, NOTING THAT MFA WAS OF COURSE AWARE OF DIFFERENCES BETWEEN LEGISLATIVE AND EXECUTIVE BRANCHES IN USG.

3. IN SEPARATE DISCUSSION WITH STAVELY, HE SAID SIMILAR ACTION WAS BEING TAKEN IN SINGAPORE, MALAYSIA AND PHILIPPINES, WHERE NSC AND OTHER ELECTRONICS MANUFACTURERS HAVE COMPARABLE OPERATIONS, REQUESTING GOVERNMENTS THERE TO LOBBY AGAINST BILL, AND HE UNDERSTOOD MATTER MAY ALSO HAVE BEEN DISCUSSED IN ASEAN. ACCORDING STAVELY, COMMITTEE HEARINGS ARE SCHEDULED TO OPEN MARCH 3, WHEN NSC AND OTHER U.S. MANUFACTURERS, AS WELL AS AMERICAN WATCH ASSOCIATION WILL TESTIFY IN OPPOSITION TO PROPOSED LEGISLATION. HE NOTED THAT ADOPTION WOULD ADVERSELY AFFECT SEVERAL COUNTRIES IN REGION WHICH COULD BE EXPECTED TO RETALIATE AGAINST SUCH U.S. TARIFF RESTRICTIONS.

WHITEHOUSE

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## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 JAN 1994  
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**Draft Date:** 28 FEB 1976  
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**Disposition Approved on Date:**  
**Disposition Authority:** morefirh  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 28 MAY 2004  
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**Disposition History:** n/a  
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**TAGS:** ETRD, TH, US, NS ELECTRONICS, NATIONAL SEMICONDUCTOR  
**To:** STATE  
**Type:** TE  
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